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As filed with the Securities and Exchange Commission on November 22, 2006

File No. 333-137545

**U.S. SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**PRE-EFFECTIVE AMENDMENT NO. 1 TO**  
**FORM SB-2**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

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**LAB123, INC.**

(Name of small business issuer in its charter)

**Delaware**  
(State or jurisdiction of  
incorporation or organization)

**2835**  
(Primary Standard Industrial  
Classification  
Code Number)

**45-0542515**  
(IRS Employer Identification No.)

**233 Narragansett Avenue**  
**Lawrence, New York 11559**  
**(516) 837-9876**

(Address and telephone number of principal executive offices and principal place of business)

**Michael Sosnowik**  
**President and Chief Executive Officer**  
**Lab123, Inc.**

**233 Narragansett Avenue**  
**Lawrence, New York 11559**  
**(516) 837-9876**

(Name, address, and telephone number, of agent for service)

*Copy to:*  
**Darren Ofsink, Esq.**  
**Guzov Ofsink, LLC**  
**600 Madison Avenue**  
**New York, New York 10022**  
**(212) 371-8008**

**Approximate date of commencement** of proposed sale to the public: as soon as practical after the registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration

**Exhibit 39**

Lab123, Inc.  
(A Development Stage Company)  
NOTES TO FINANCIAL STATEMENTS

**NOTE 3 - Summary of Significant Accounting Policies**

***Revenue Recognition***

Revenue is recognized upon shipment of products. Sales discounts and allowances are recorded at the time product sales are recognized and are offset against sales revenue.

***Income Taxes***

The Company is in the development stage and incurred net operating losses, therefore no provisions for income taxes have been established. As of August 31, 2006, the Company's net operating loss carry-forward totaled approximately \$132,000.

The Company recorded a deferred tax asset for the tax effect of the net operating loss carry forwards aggregating approximately \$49,500. A full valuation allowance has been provided that reduced the tax benefits accrued by the Company for these operating losses to zero as it cannot be determined when, or if, the tax benefits derived from these losses will materialize.

***Development Stage Company***

The Company has not generated any revenues to date; accordingly, the Company is considered a development stage enterprise as defined in Financial Accounting Standards Board No. 7, "Accounting and Reporting for Development Stage Companies." The Company is subject to a number of risks similar to those of other companies in an early stage of development.

***Loss Per Share***

Basic loss per share was computed using the weighted average number of outstanding common shares. Diluted loss per share includes the effect of dilutive common stock equivalents from the assumed exercise of options, warrants and convertible preferred stock. Common stock equivalents were excluded in the computation of diluted loss per share since their inclusion would be anti-dilutive. As of August 31, 2006, the Company did not have common stock equivalents.

***Stock Based Compensation***

The Company adopted SFAS No. 123R "Share Based Payment". This statement is a revision of SFAS Statement No. 123, and supersedes APB Opinion No. 25, and its related implementation guidance. SFAS 123R addresses all forms of share based payment ("SBP") awards including shares issued under employee stock purchase plans, stock options, restricted stock and stock appreciation rights. Under SFAS 123R, SBP awards will result in a charge to operations that will be measured at fair value on the awards grant date, based on the estimated number of awards expected to vest over the service period.

On August 30, 2006, the Company issued 1,500,000 shares of common stock to the Chief Executive Officer; the Company has recorded a charge to operations of \$108,000 for the 300,000 shares that vested immediately on the date of issuance. The remaining 1,200,000 shares have been valued at \$432,000 and will be amortized over the life of the employment agreement (see Note 4). As of August 31, 2006 the Company has not granted options or warrants to purchase shares of its common stock.